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Trade Invest Monthly

Hawaii's International Business Network

HAWAII NOTICES

Hawaii Sister State/City/County Summit

"Your Gateway to International Business"

Hawaii's Sister State/City/County Summit is planned for July 8 – 11, 2002, at the Hawaii Convention Center in Honolulu. The summit has been received with a great enthusiasm from both Hawaii's business community as well as our sister states & cities overseas. The State of Hawaii, along with the four counties, have formal relations with 70 states/provinces, counties & cities on five continents dating back over forty years. Sisters from China, Philippines, Japan, Taiwan, & Chile have committed to sending business delegations to the July 2002 meeting. The program offers excellent potential for the expansion of Hawaii's trade in good and services, as well as in furthering Hawaii's position as the "Geneva of the Pacific."

This is the first time Hawaii's counties have joined with the State to look at ways in which these existing relationships can be leveraged to expand business activity. The entire Summit is geared toward business matchmaking, facilitation of contracts, and networking, with Hawaii and each of our sisters presenting opportunities for participation in economic development and business ventures. Topics to be covered include energy and infrastructure, tourism, healthcare, agriculture/aquaculture, and high technology.

Conference registration fee is \$125 for three and one-half days, including conference materials, a reception, lunches & breakfasts. Exhibition space is \$150 and includes one full registration. For further information, call Dr. James P. Dorian at DBEDT at 586-2352; E-mail: jdorian@dbedt.hawaii.gov

Hawaii Aquaculture Conference 2002

Businesses involved or interested in Hawaii's aquaculture sector may benefit from the upcoming Hawaii Aquaculture Conference 2002 on Wednesday, May 8, 2002.

The Hawaii Aquaculture Association, Center for Tropical and Subtropical Aquaculture, State Aquaculture Development Program, UH Sea Grant College Program, and the Oceanic Institute are sponsoring the Hawaii Aquaculture Conference 2002.

The conference sessions include:

- *Perspectives and Perspiration (Minimizing Disasters, Basic Business & Mgmt., Cage Culture)*
- *Ornamental Development (Marine Ornamental Development, Captive Reproduction of Yellow Tang & Pygmy Angelfish, Freshwater Ornamental Development)*
- *Technical Tricks & Traps (PVC: Panacea vs. Chaos, Water & Electricity, Predicting Temperature Conditions)*
- *Nutrition and Disease (What and When to Feed, Growth Limitation & Stocking Density, Innovations in Feed Palatability, Disease Prevention & Treatment)*
- *Marketing (Overview of Ornamental Marketing, Retail Marketing Strategies, Exporting Seafood)*

Invited Guest Speaker: Dr. Jo-Ann Leong, New Director of the Hawaii Institute of Marine Biology, will speak on the topic: "New Technologies: Control of Diseases in Aquaculture."

Conference details:

DATE: Wednesday, May 8, 2002

TIME: 8 a.m. to 8 p.m.

LOCATION: Windward Community College

For more information, contact the Hawaii Aquaculture Conference at: 1177 Alakea Street, Rm. 400, Honolulu, HI 96813; e-mail: aquaculture@aloha.com; Fax: (808) 587-0033.

DBEDT - Updating and Expanding Its Database of Hawaii Companies

DBEDT/Business Development & Marketing Division is updating its database of Hawaii companies. This information is utilized to better service the needs of Hawaii's business community and to help promote trade domestically and abroad. The survey asks questions regarding company products and services as well as marketing. Other areas provide baseline statistical data.

Company responses will be kept completely confidential, but may be made available at your choosing for use in one or both of DBEDT's directories or companies, *The Hawaii Products Source Guide* and the *Hawaii International Trade & Services Directory*. Both of these directories will be made accessible online via the Internet through our products site: <http://www.hawaii-products.com>

To participate or for more information please contact the Product Trade Branch Tel: (808) 587-2584; Fax: (808) 587-3388; E-mail: hiprod@hawaii-products.com

Worldwide Market Reports

Due to the large number of requests for reports, we have made the request process easier to better serve you. To request reports, send the request form by Fax: (808) 587-3388 or email: tradeinvest@dbedt.hawaii.gov. The report service offered is reserved for Hawaii companies only.

If you are outside of Hawaii and are interested in the reports highlighted in our newsletters, please go to the United States Department of Commerce website, www.stat-usa.com. You will have the choice of ordering the reports you need for a small fee or you can subscribe to their service for an annual fee and have unlimited access to all reports and services.

Also, some of these market reports are located at www.usatrade.gov

New Zealand Seed Crops

Source: U.S. Department of Agriculture – New Zealand. Planting seed production for the 2001/2001 seed cropping season will be down sharply as heavy rains in December 2001 and January-February 2002 cut yields and reduced quality (harvesting finished in March). Planting seed area was also down due an oversupply of seed from last season.

New Zealand's seed imports were 8,315 MT in the 2000/2001 season valued at US\$9.0 million CIF. The U.S. accounted for about one fourth of New Zealand's seed imports by volume, led by vegetable, field corn, and fescue seed.

The U.S. Department of Agriculture reports that market opportunities exist for proprietary forage grasses and niche turf applications, vegetables and

(Continued on page 4)

Korea – Education Market

Source: U.S. & Foreign Commercial Service – Korea. Korea's continued economic growth and interest in globalization are creating educational sector opportunities for U.S. educational businesses.

In 2001, total Korean spending on education services reached US\$75 billion, a growth of 10% in real terms over the previous year. Over 42,000 Korean students studied in the U.S. in 2001 – with each student spending an annual average of \$28,000.

Korea is one of the world's most Internet connected nations and as a result, Koreans are eagerly embracing long distance learning as an alternative to traditional classroom-based education.

Korea's rapidly changing business climate is also fueling a market for executive training programs. Korean corporations are recognizing the importance of executive

(Continued on page 4)

China – “am/pm” Convenience Store Quits Guangzhou

Source: U.S. Department of Agriculture - Guangzhou. In late March 2002, British Petroleum (BP) completed a deal with the local 7-11 convenience store chain licensee to transfer the assets of the am/pm convenience store chain and closed the six am/pm convenience stores in Guangzhou.

That leaves 7-11 as the only overseas convenience store chain remaining in the Guangzhou market.

According to the local BP company sources, the main reason for discontinuing the am/pm chain in Guangzhou was that high rent and poor infrastructure (i.e. electricity and water) made sustaining profitability difficult. Although sales were good, operating expenses were hard to control.

However, BP is not completely out of the convenience store business in China. The

(Continued on page 4)

Hong Kong News (please request reports for more details)

Snack Foods Containing Stevioside Taken Off Hong Kong Supermarket Shelves

Source: U.S. Department of Agriculture – Hong Kong. On March 19, 2002, the Hong Kong Food & Environmental Hygiene Department announced the recall of four products thought to contain the banned sweetener – Stevioside.

The following day, it cleared one of them, *Nissin Tasujin Tonkatsu Ramen Instant Noodles*, but recalled 13 more snack foods.

The 16 recalled products are: *Notchoro sweetener, Kiku Prawn Crackers, Kariri biscuit sticks, Glico Chocolate Pretz, Milk Chocolate Pretz, Kowbesen cuttlefish crackers, Ikons Marin Shrimp Caceras, Nissin Cup Beef Udon Noodles, Nissin Cup Curry Udon Noodles, Nissin Cup Tempura Udon Noodles, Kiku Cuttlefish Crackers, Diet Sugar, Pringles Potato Crisps (Mild Salt Flavor), Glico Kiss Mint, Nissin UFO Oomori Yaki Soba Instant Noodle, and QQ Mark Sunflower Seeds.*

Stevioside is a glycoside of the diterpene derivative *steviol*. *Steviol glycosides* are natural constituents of the plant *Stevia rebaudiana Bertoni*, a plant native to South America. The Hong Kong government regards it as artificial sweetener. It is not listed as one of the 10 permitted artificial sweeteners as stated in Hong Kong's food ordinance.

The U.S. Food & Drug Administration also has not approved *Stevioside* for use as a food additive in the U.S., although it can be used as a dietary supplement.

However, it is allowed as a food additive in countries such as Japan, Taiwan, China, and Korea. As these four countries are all major suppliers of processed foods to the Hong Kong market, the incident is still developing and could have a major impact on snack food sales in Hong Kong over the coming months.

Sporting Equipment

Source: U.S. & Foreign Commercial Service – Hong Kong. The Hong Kong sports equipment market was worth US\$467 million in 2000, with 80% coming from imports.

The Hong Kong Sports Development Board (HKSDB) estimated that Hong Kong has 2.5 million active sports participants.

Badminton, swimming, soccer, and basketball are the most popular sports. However, sports such as windsurfing, wakeboarding, skateboarding, rowing, and paintball shooting have also become popular in Hong Kong and represent export opportunities for U.S. suppliers.

In particular for Hawaii companies, the popularity of windsurfing increased with Hong Kong's winning of a gold medal in the 1996 Olympics. Windsurfing was one of the sports activities accorded “elite sports” status by the HKSDB in 1999 and again in 2001.

Japan News

In the News

Source: U.S. Department of Agriculture – Agricultural Trade Office Tokyo. Recent reports from various Japanese mass media and food press are below:

- McDonald's Japan announced on February 15 that its operating profits declined 35% in 2001 compared to 2000. The decline was mainly due to the detection of BSE in Japan, unrecoverable debts from the failed Mycal, and increased royalty fees to McDonald's headquarters in the United States (2/16/02 issue of *The Japan Economic Newspaper*)
- According to test results disclosed by Japan's Health, Labor, and Welfare Ministry on February 13, agricultural chemical residue levels for six varieties of vegetables imported from China exceeded food sanitation law standards. Supermarkets and trading companies are once again switching to domestic vegetables, raising the wholesale price of domestic vegetables (2/16/02 issue of *The Japan Economic Newspaper*)
- Health foods have grown into a 541.6 billion yen (US\$5 billion) market in 2000, a 6.1% increase over 1999, and a 30% increase since 1995, according to the Yano Economic Research Institute. Mail order and internet sales of health food products increased 15.4% in 2000 over the previous year. Not only supplements, but also products using beer yeast have been recently gaining popularity. (2/28/02 issue of *The Nikkei Marketing Journal*)
- Caramel flavored products, such as caramel bread, caramel ice cream, and caramel coffee, have been recently gaining popularity. Even non-food products, such as body lotion containing caramel, are selling well at Odakyu department stores (2/23/02 issue of *The Japan Economic Newspaper*)
- Daiei has decided to close 60 outlets and cut 1,400 employees, a number larger than previously announced, by the end of August in order to accelerate its restructuring (2/23/02 issue of *The Japan Economic Newspaper*)
- Costco and Carrefour are planning to open a joint shopping center in Hyogo Prefecture (near Osaka) next spring. (2/24/02 issue of *The Japan Economic Newspaper*)
- Co-op Kanagawa plans to remodel its stores into more food-oriented supermarkets. It plans to reduce the number of household items and Co-op branded products it carries, while increasing its line of unique food products, such as local sake, herbs, miso soybean paste, olive oil, and imported fruit and vegetables. More than 1.5 times the usual start-up cost was spent on two new stores scheduled to open in Fujisawa and Hatano in March. (3/7/02 issue of *The Japan Economic Newspaper*)
- According to the Japan Department Store Association, sales of member stores in January declined 0.7% on a same-store basis compared to the same month last year. Similarly, according to the Japan Chain Stores Association, sales of member companies in January declined 2.8% on a same-store basis, which is the 38th consecutive month of decline. The decline was mainly due to the 6.4% drop in clothing and a 4.2% decline in household products sales during the period, while food sales fell less than 1%. (2/26/02 issue of *The Japan Economic Newspaper*)

Japan Exporter Guide for U.S. Food Products

Source: U.S. Department of Agriculture - Japan. This report provides practical tips to U.S. companies on how to do business in Japan and build position in the world's largest market for imported consumer food products.

It includes information on local business practices, consumer preferences, food standards and regulations, import and inspection procedures, distribution structure and trends, and best high-value product prospects.

Japan – Top 10 Convenience Stores (Year 2000)

Source: U.S. Department of Agriculture - Japan.

Company (Parent Company) – Total Sales

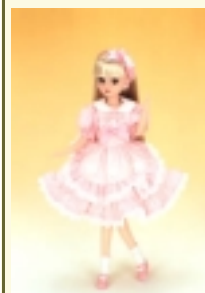
1. Seven-Eleven (Ito-Yokado) – US\$19.6 billion
2. Lawson (Mitsubishi) – US\$11.8 billion
3. Family Mart (Itochu) – US\$7.8 billion
4. Sunkus (Uny) – US\$4.6 billion
5. Circle-K (Uny) – US\$4.2 billion
6. Daily Yamazaki (Yamazaki) – US\$3.1 billion
7. AM/PM (Japan Enaji) – US\$2.2 billion
8. Seicomart (independent) – US\$1.4 billion
9. Community Story (Kokubu) – US\$0.6 billion
10. Mini-Stop (Aoen) – US\$0.4 billion

Net Profits & Prophets

Japan - "Licca-chan"

Popular Japanese children toys are finding their way into mainstream American markets ... here is one possible toy.

Licca-chan ("little Licca"), is a popular doll among young Japanese girls. *Licca-chan* a fashion doll made of plastic standing about 8" tall, was first introduced by Takara Co., Ltd. in 1967. *Licca-chan's* full name is *Licca Kayama*. The character is 11 years old and attends *Shirakaba Gakuen* elementary school. Her father, *Pierre*, is a French musician, and her mother, *Orie*, is a Japanese fashion designer. Her hobbies and interests, no doubt, have influenced a few generations of Japanese girls. Other related merchandising dolls/toys - Super doll and Neo Licca series, new dolls: *Rough Trade Street Licca*, *Choro Q Licca* and many other friends of *Licca* as well as TV *Licca* anime have been popular too.



© TAKARA CO., LTD.

Part of the new doll series included an adult version of *Licca-chan* that went on the market in November 2001. It is an expectant mother dressed in maternity clothes. Known as *Kon-nichiwa Akachan* ("Hello Baby"), the pregnant mother-to-be comes with baby accessories, including a bib, a baby bottle, and a rattle. According to the article, the manufacturer reports having sold 48 million *Licca-chan* dolls over the past 35 years, with sales for *Akachan* going well.

For more information on this subject please refer to the website article: jin.jcic.or.jp/kidsweb/cool/01-10-12/licca.html as well as numerous *Licca* websites.

Trade Invest Monthly reported in August 2001 on another Japan fad, a toy top called "Beyblades". Now you see them showing up in Hawaii playgrounds and stores.

New Zealand Seeds*(Continued from page 2)*

grain seeds. U.S. exports of planting seeds to New Zealand in calendar 2001 rebounded 24% to US\$2.0 million (according to U.S. Customs data).

The weak New Zealand dollar relative to the U.S. dollar is also a constraint to U.S. seed exports.

Korean Education*(Continued from page 2)*

training and are investing substantially in training programs for their staff. The executive training market niche is particularly profitable for the U.S. educational services sector since yearly expenditures on executive training run as high as US\$100,000 per person.

Am/pm Closure in Guangzhou*(Continued from page 2)*

BP stores that are attached to its gas service stations will remain open and their numbers may expand in the future. At the present time, BP operates 60 stores located among its approximately 250 gas service stations in Southern China.

Canada – Quebec Market for U.S. Wines

Source: U.S. Department of Agriculture - Canada. Quebec drinks a lot of wine – over 15 liters per capita per annum for a total of roughly 100 million liters. That amount represents over one-third of Canadian wine consumption.

Like in other markets in which protectionist measures are in place, the Quebec wine market has been protected by the Quebec Liquor Board (Societe des Alcools du Quebec (also called SAQ). SAQ controls the wine market through its position as the sole legal importer of wine. They import a significant portion of wine to be sold in bulk and promote bottling of bulk wine by Quebec firms. There have also been requirements that "finished" wine imports (bottled outside Quebec) can only be sold within the SAQ stores and not in groceries or convenience stores.

However, with the disappearance of tariffs on U.S. wines and increased liberalization of the SAQ policies and practices, the U.S. Department of Agriculture reports that U.S. wines have some potential in niche markets in Quebec.

U.S. wines have the following factors to consider before entering the Quebec mar-

ket – the U.S. market share is still quite small (just over 3%), and there is room for growth from a small base. Some negative factors to overcome are as follows: Quebec consumers have an attachment to European wines, the exchange rate, and dealing with the SAQ.

Event Reminder - WWW2002*"11th Annual World Wide Web Conference"*

Sponsored by the University of Hawaii and Pacific Telecommunications Council in co-operation with the International World Wide Web Conference Committee.

Where: Sheraton Waikiki Hotel

When: May 7-11, 2002

For Program Details and to register go to the website: www2002.org

Vietnam – Shrimp Farmers Required to Clean Up Waste

Source: U.S. & Foreign Commercial Service – China. According to the Saigon Time Daily dated 3/19/02, Ho Chi Minh City's Service of Agriculture and Rural Development (SARD) has for the first time ordered shrimp farmers in the estuarial Can Gio and Nha Be districts to build treatment systems and find effective ways to prevent spillage and water contamination caused by shrimp farming.

The order is not only aimed at alleviating the heavy toll on the environment by shrimp farming, but also at reducing the incidence of infectious diseases and mass death among the farmed shrimp.

Discharging untreated water and other waste into canals, irrigation systems, or rivers is now prohibited. Shrimp farmers are required to build settling ponds to remove sediment and other matter, and to keep records of the quarantine inspections on their shrimp.

It is reported that only 400 hectares out of 1,500 hectares of the shrimp farms in Can Gio District meet the requirements.

City authorities have recently earmarked more than VND17 billion (US\$1.1 million) to establish more irrigation systems and drainage works.

For more information, contact one of the following officials:

Mr. Le Thanh Liem

Deputy Director, Service of Agriculture and Rural Development
176 Hai Ba Trung St., Dist. 1
Ho Chi Minh City, Vietnam
Tel: +848-829-7614; Fax +848-829-4764

Mr. Nguyen Anh Tuan

Deputy Director, US-AEP/HCMC

U.S.-Asia Environmental Partnership
U.S. Consulate General, HCMC
65 Le Loi Street, 9/F, District 1
Ho Chi Minh City, S.R. Vietnam
Tel: +848-825-0484; Fax: +848-825-0491

Mr. Greg Loose

Principal Commercial Officer
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65 Le Loi Street, 9/F, District 1
Ho Chi Minh City, S.R. Vietnam
Tel: +848-825-0490; Fax: +848-825-0491

Mexico – Coffee Based Product Imports from the U.S. Exceed 2002 Safeguard

Source: U.S. Department of Agriculture - Mexico. On April 9, 2002, Mexico announced that the quantity of select coffee based products (HS 2101.11.01 (Coffee, Instant), 2101.11.02 (Extract of concentrated coffee, frozen or not), 2101.11.99 (Other) and 2101.12.01 (Preparations based on extracts, essences or concentrates or coffee based)) imported from the U.S. had exceeded the safeguard quota agreed to under NAFTA. As a result, beginning April 10, 2002, the tariff increased to 20 percent from the in-quota rate of 2 percent. The higher rate will remain in effect through December 31, 2002.

Report Request Form**Trade Invest Monthly****Hawaii's International Business Network**

Company: _____

Contact person: _____

Address: _____

City: _____

Zipcode: _____

Telephone: _____

Facsimile: _____

Email: _____

Report(s) requested:

- ☐ New Zealand Planting Seeds
- ☐ Korea Educational Opportunities
- ☐ HK Snackfoods Taken Off Shelves
- ☐ HK Sports Equipment Market
- ☐ Japan Export Guide
- ☐ Quebec Wine Market
- ☐ Vietnam Shrimp Farming Clean Up Efforts

OTHER REPORTS (reference issue date):

Please fax this completed form to (808) 587-3388,
or Email your request to:
tradeinvest@dbedt.hawaii.gov

All reports are mailed in hard copy format only.

